



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

July 7, 2011

The Honorable Terry E. Branstad
Governor of Iowa
Des Moines, IA 50319

Dear Governor Branstad:

Over the past 2 years, the U.S. Department of Transportation has worked with the States to implement the Maintenance of Effort (MOE) provision in the American Recovery and Reinvestment Act of 2009. Section 1201 of the Recovery Act required the Governor of a State to certify to the U.S. Secretary of Transportation that the State would maintain its effort with regard to State funding for the types of transportation projects funded by the Recovery Act. Failure to meet the certified level of effort disqualified the State from participating in the August 2011 redistribution of obligation authority under the Federal-Aid Highway Program.

Under the standard we are applying, Iowa has met its MOE requirements and will participate in the August 2011 redistribution of obligation authority under the Federal-Aid Highway Program.

The Department issued initial guidance on the maintenance of effort standard and the August 2011 redistribution on February 9, 2010. In that guidance, we indicated that a State would fail to meet the maintenance of effort standard if it failed to meet the certified amount for each individual transportation program covered under the Recovery Act.

The Department has reviewed the results of the States' efforts for the period covered by their maintenance of effort certifications. Upon review, we have determined that the MOE provision does not specifically require us to apply the penalty if a State maintains its certified amount for each covered program and, therefore, we will not do so as an enforcement matter. The goal of the MOE provision was to help ensure that the States would use Federal funds to supplement, and not supplant, State funds. We believe that it is appropriate in light of the language and purposes of the Recovery Act to find that a State has complied with the MOE provision if a State met or exceeded its overall planned expenditures even if it failed to meet its planned level of expenditures in one or more covered transportation programs.

The Recovery Act was an important down payment in the revitalization of our infrastructure and economy. Thank you for all of your work to ensure that those funds were invested effectively.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Ray LaHood".

Ray LaHood